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South Vietnam: [The South Vietnamese Government's handling of the Song My massacre case has left it extremely vulnerable to criticism by opposition elements who have begun to agitate more openly against the regime.]

[Official statements have minimized the likelihood that a massacre took place and have shown no sense of concern that the truth be found out. According to the press, a spokesman for President Thieu stated that the government "classified it as an act of war" and considers the case closed.]

[This apparent insensitivity has provided Senator Tran Van Don with a ready-made issue to embarrass the government and to further his own political ambitions. In his capacity as chairman of the Senate Defense Committee, Don has announced his intention to organize an independent investigation of the case.]

[Don, a political opportunist, hopes to achieve power eventually by providing a bridge between the allies and the Communists. Recognizing the delicacy of his position, he has denied that he wishes to furnish propaganda assistance to the Communists, but he insists that the government should not have taken any position until it had more facts.]

[Don has been reported in the press to have stated that the official government position proves that President Thieu is "the valet of the Americans, who are his sole support." Other opposition elements, particularly those amenable to the "Third Force" concept, are also likely to look for ways to embarrass US - South Vietnamese relations.]

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USSR-Romania: Moscow has been unrelenting in its efforts to get Bucharest to justify the invasion of Czechoslovakia, according to a Romanian official.

The Romanian position on the matter has clearly weakened now that Moscow has forced the Czechoslovaks to acknowledge the validity of the invasion and persuaded Belgrade to drop the subject. Romania has been silent on Czechoslovakia since early this year but has not renounced its condemnation.

The Romanian leadership, according to the source, is meeting to consider a response to the Soviets, and will make a decision soon. It is unlikely that Romania would concede that the invasion was "justified." To do so would imply a renunciation of Romania's basic policy concerning noninterference in the affairs of other states. Such a renunciation, in turn, would undercut Bucharest's claim to sovereignty and independence and would thus open the way to additional Soviet pressure. Some softening of Romania's earlier adamancy on the Czechoslovak issue, however, is possible.

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[Warsaw Pact - Middle East: Yesterday's Warsaw Pact statement on the Arab-Israeli dispute was probably intended to set the stage for new Soviet pressures for a settlement.

The Soviets are probably looking ahead to the reopening of four-power talks. Moscow has for some time appeared to be writing off the chances for progress through bilateral discussions with the US. Egypt has already indicated that it considers the latest US proposals unacceptable, and Moscow can be expected to follow Cairo's lead.

The Soviets may accompany their talks with the US, UK, and France with renewed efforts to enlist United Nations support for a settlement in line with the Security Council resolution of November 1967, calling for Israeli withdrawal from occupied Arab territory. Moscow probably believes that both forums offer better opportunities for gaining an agreement favorable to the Arabs.

The Pact statement also served to reassure the Arabs of continued all-out support. Romania, which has consistently been at odds with its allies' pro-Arab policy, was not associated with the statement.



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Belgium: The political parties have made some progress toward agreement on measures to relieve communal tensions that have in the past led to serious disorder.

After a 17-month impasse, the government has moved its proposals out of parliament to a "Working Group of 28," composed of representatives of the government and all the major parties. In this more private atmosphere the government hopes to win the support it requires, especially from the opposition Liberal party, to put any constitutional changes through parliament.

Meeting twice weekly from 24 September to 30 October, the working group arrived at a measure of agreement through compromise, particularly on cultural autonomy and protection of minorities, the two issues which involve constitutional changes.

A consensus was also possible on the issue of economic decentralization. Efforts to cope with the communal problems of Brussels, however, resulted in stalemate; indeed, progress on the other issues seemed dependent upon maintaining the status quo in Brussels.

The working group has suspended its activities while the government produces a "synthesis" of the agreements reached thus far. Since Brussels was excluded from the area of agreement, it remains to be seen whether its powerful representatives will attempt to check progress on other areas of communal concern. In any case, it will be difficult for the parties to maintain parliamentary discipline behind any agreement, a problem that has occurred before when an extraparliamentary mechanism has been used.

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South Africa: The government appears to have lost ground in its duel with the US on the gold price question.

South Africa is fighting for the right to withhold gold from the free market regardless of free market price or South Africa's foreign exchange requirements. The US has tried to prevent manipulation of gold sales that would force the free market price up and create pressures for a gold revaluation.

South Africa has to sell most of its new gold output in the free market to finance a foreign exchange deficit that is substantially greater than anticipated. The free market gold price, which has been allowed to float since the initiation of the two-tier system in March 1968, recently has fallen sharply. This has resulted from an improved outlook for world monetary stability and the unloading of gold by speculators and some banks.

The free market price has dropped almost to the \$35 an ounce applied to transactions between monetary authorities. With continued heavy sales it is conceivable that it could fall further, reducing the ability of the South Africans to earn foreign exchange.

The South Africans are under increasing economic pressure to seek an agreement with the US now, rather than risk further deterioration in their bargaining position. Such an agreement could help keep the price in free gold markets from dropping below \$35 an ounce by specifying the terms at which newly mined gold would be purchased by central banks.



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Cuba: Havana is showing greater interest in establishing commercial ties with its Caribbean neighbors.

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Fidel Castro reportedly has sent a personal message [redacted] to Jamaican Prime Minister Shearer calling for closer trade ties among all Caribbean nations. Other Cuban officials have indicated that Cuba may attempt to join the Caribbean Free Trade Association.

Some governments may be receptive to Cuba's initiatives. Prime Minister Williams of Trinidad-Tobago, and other leaders as well, have already openly discussed the merits of closer trade ties between their nations and Cuba, especially in the area of sugar trade. A few Caribbean leaders are convinced that in the long run lasting regional agreements must include Cuba.

Castro would also use expanded economic ties as an opportunity to extend his political influence.
[redacted]

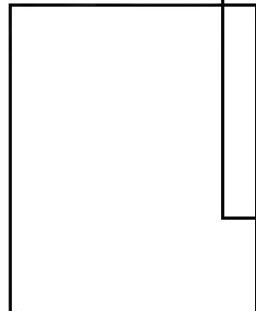
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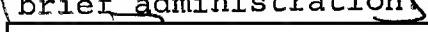


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Australia: The Liberal-Country coalition government beat down a series of Labor Party censure motions by votes of 61-58 in the opening session of the newly elected Parliament. In the election for speaker, one coalition member voted for the opposition Labor Party. The entire session is reported to have been the most bitter in recent memory, with personal insult and invective the order of the day. Labor, which lost the 25 October election by a whisker, obviously is out for blood, and Prime Minister Gorton faces a difficult and perhaps brief administration.

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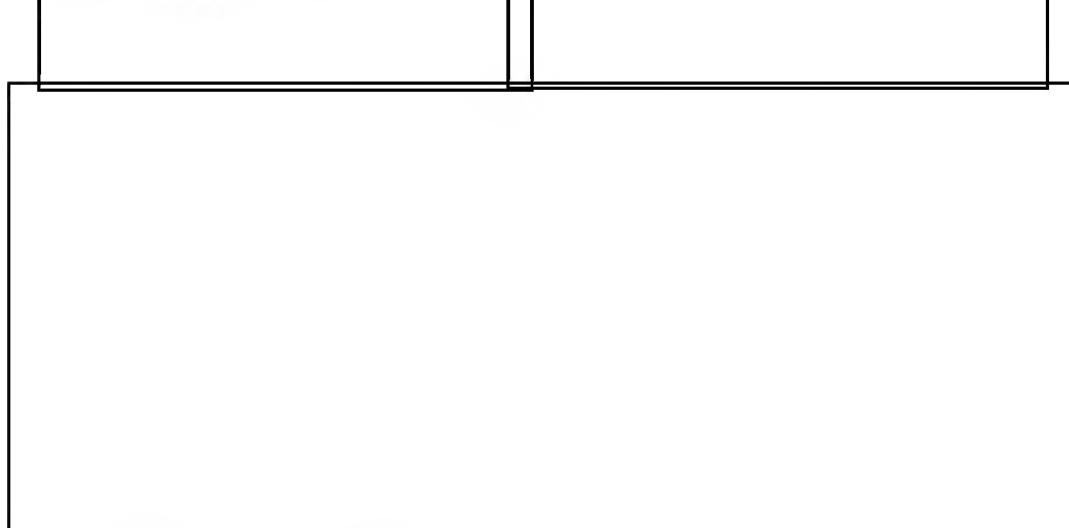
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East Germany - West Germany: Trade is expected to reach a record level of \$925 million this year. Additional sales, some of which will not be officially recorded in 1969, will raise the total volume of trade to about \$1 billion. This would represent a one-third increase above the 1968 level and is due largely to expanded East German purchases of West German commodities. East German plan fulfillment reports have acknowledged that interzonal trade "has increased," but have not admitted how much it has grown. Pankow is reluctant to publish such data because it is trying to discourage its Warsaw Pact allies from expanding their relations with the Bonn government.

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USSR-Cuba: The third shipment of military aid to Cuba this year has arrived aboard a Soviet freighter. The two other deliveries of exclusively military cargo arrived after Soviet ships had unloaded part of their cargoes in the Middle East. This year's deliveries are probably composed largely of maintenance and replacement equipment, and are not thought to represent deliveries under any new major aid agreement. Although there is no indication that Grechko offered any new military aid to Cuba during his recent visit, he may have discussed Cuba's military needs.

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Lebanon: The newly formed cabinet's first severe test will come with its declaration of policy on the role of the fedayeen in Lebanon. This problem, which has been responsible for the seven-month-long governmental impasse, may be glossed over initially in hopes of encouraging continued national unity and forestalling further disturbances. A majority of the cabinet's members are generally associated with a pro-fedayeen parliamentary bloc and can be expected to take a conciliatory position toward the fedayeen. Although Kamal Jumblatt, a long-time fedayeen supporter, was appointed to the key ministry of interior, control of Lebanese security matters will remain in the hands of the army.

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Algeria: [The Boumedienne regime has taken the final move in its program to subordinate all national organizations to the country's only political party. It has ordered the dissolution of the long-inactive National Union of Algerian Students and the formation of an Algerian University Movement that will be affiliated with the ruling National Liberation Front Party. Membership in the new organization is obligatory, and students will probably comply in order to maintain their government scholarships. The new organization, however, is unlikely to be either dynamic or an effective training ground for party activists.]

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